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September 11, 2009

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1311

Dear Ms. Johnson,

SunTrust Banks, Inc. ("SunTrust") submits this letter in response to the Board's request for public comment on proposed revisions to the *Interagency Questions and Answers Regarding Flood Insurance*, published in the Federal Register on July 21, 2009.

With total assets of \$176.7 billion on June 30, 2009, SunTrust is one of the nation's largest financial holding companies. Through its banking subsidiaries, the company provides deposit, credit, trust, and investment services to a broad range of retail, business, and institutional clients. Other subsidiaries provide mortgage banking, brokerage, investment management, equipment leasing, and capital market services. The company operates 1,694 retail branches and 2,673 ATMs throughout the Southeast and Mid-Atlantic states.

The Board's notice published on July 21 announced significant final revisions and additions to the Q&As regarding the mandatory purchase of flood insurance on loans secured by improved real estate. In addition, the notice proposed five new or revised questions and answers and solicited public comment on these. This letter will address proposed Q&A 62, which reads as follows:

Question: *Does a lender or its servicer have the authority to charge a borrower for the cost of insurance coverage during the 45-day notice period?*

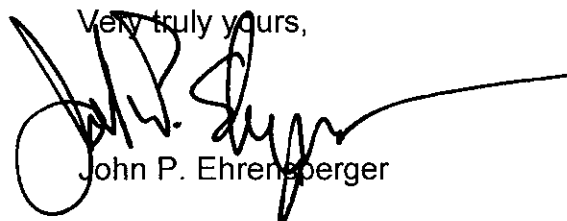
Answer: No. There is no authority under the Act and Regulation to charge a borrower for a force-placed flood insurance policy until the 45-day notice period has expired. The ability to impose the costs of force placed flood insurance on a borrower commences 45 days after notification to the borrower of a lack of insurance or of inadequate insurance coverage. Therefore, lenders may not charge borrowers for coverage during the 45-day notice period. This holds true regardless of whether the force placed flood insurance is obtained through the NFIP or a private provider.

While we generally agree with the proposed answer, it does not take into account circumstances in which we believe it would be appropriate for the lender or servicer to charge a borrower for the cost of coverage during the 45 day notice period. We are aware that some insurance companies offer a rider on force placed coverage sold to lenders that makes the force placed coverage retroactive to the first day that the borrower's coverage lapsed. In cases in which the lender or servicer must obtain force placed coverage, both the coverage and the associated premium are retroactive to Day 1. This rider eliminates the 45 day gap in coverage that would potentially exist otherwise, resulting in enhanced protection for both the borrower and the lender.

We propose that the final answer to Question 62 be revised such that a lender or servicer who obtains force placed flood insurance will be permitted to charge a borrower for coverage retroactively extended to the 45 day notice period. The lender or servicer would be permitted to impose this charge only if it could demonstrate that the coverage was actually in effect for the benefit of both lender and borrower during the notice period and that it complied with the notice and force placement requirements specified elsewhere in the Q&A.

If the answer is not revised to permit lenders or servicers to charge the borrower for this extended coverage, they will in all probability stop purchasing the extension rider, resulting in an unnecessary 45 day gap in coverage for borrowers who fail to renew their flood insurance policies. Maximizing the protection against flood-related losses benefits both borrowers and lenders, and we hope that the Board will give careful consideration to this revision the proposed Q&A.

We appreciate the opportunity to comment on this proposal and would be pleased to discuss this matter further with the Board staff.

Very truly yours,

John P. Ehrensberger

cc: Mr. Erien Terry, Federal Reserve Bank of Atlanta